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October 11, 2002

Via Electronic Filing
Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TWB-204
Washington, DC 20554

Re: Notice of Oral Ex Parte Communication, In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, CC Docket Nos. 01-338, 96-98 and 98-147

Dear Ms. Dortch:

On Thursday, October 10, 2002, Joel Lubin, Joan Marsh and I, representing AT&T, met with Bill Maher, Jeff Carlisle, Rich Lerner, Tamara Preiss, Deena Shetler, and Steve Morse, all of the Wireline Competition Bureau. Also, I had a separate telephone conversation with Christopher Libertelli. The purpose of the meeting and the telephone conversation was to respond to BOC presentations and assertions regarding the economics of UNE-P service offerings and the impact of UNE-P on BOC financials. All comments made at the meeting were consistent with the attached presentation materials.

The purpose of the meeting was to respond to assertions that UNE-P is somehow uneconomical to the RBOCs or would put their financial stability into question. We explained the Telecommunications act of 1996 essentially changed the telecommunications paradigm from where consumers communicated with separate companies to provide their local and long distance services to an environment where the consumer communicated with a single company to provide one "All Distance" service. When AT&T is in the All Distance market, we provide all the consumer's long distance on the AT&T network while leasing UNEs from the ILEC for the local piece of service. Conversely, when the Bell companies enter the All Distance market, the self provide the local facility component of that offer, while leasing the long distance facilities from interexchange carriers like AT&T. In that new world, the incumbents and AT&T are both facilities based carriers for a portion of their service offering.

The analysis provided on the Bells, however, has ignored the long distance aspect of the newly created All Distance world. The attached presentation was intended to address the real

economics of UNE-P in the context of the overall All Distance customer offering. In addition, we also discussed the fact that UNE-P was the only mechanized process available to CLECs to acquire the local portion of their All Distance offering in a manner similar to the fully automated processes available to BellSouth, Verizon and SBC to provide the long distance component to millions of their All Distance customers.

As part of the discussion, we also shared a Bear Stearns Equity Research report which summarizes a September 10, 2002 meeting between it and SBC management and which provides the basis for part of AT&T's UNE-P presentation. SBC's assertions to Bear Stearns are in many ways contrary to the assertions being made by SBC to this Commission.

First, as to the long distance market, the report notes that "RBOC pricing is in-line or higher than the IXC's." This curious "meet-them or exceed-them" pricing strategy effectively rebuts the oft-repeated Bell company chorus that Bell entry into long distance markets generates significant consumer benefits.

Second, SBC "assumes that it can achieve 30% market share 12 months after entering a new [long distance] market and is targeting a long run (3-4 years) penetration rate in the 60% - 70% range." Given the conceded Bell company pricing strategy these are extraordinary projections. They certainly confirm that the Bells retain substantial power in the market for bundled local and long distance services, and that local markets are far from competitive.

Third, SBC's projected gains in the long distance market stand in contrast to its relatively modest losses in local markets. This disparity makes all the more unseemly SBC's campaign to gain government protection against UNE-based competition in local voice telephone markets.

Finally, SBC asserts that it can partly stabilize its local market losses by offering bundled packages of local and long distance services. Thus, even SBC concedes that the answer to SBC's concerns with local market competition is for it to comply with its Section 271 obligations throughout its region -- not to seek government protection from local competition.

We also made reference to a September 13 report on BellSouth by Lehman Brothers Equity Research, a copy of which is attached. On a field trip to BellSouth headquarters, Lehman Brothers found BellSouth senior management to be "upbeat," "optimistic" and "enthusiastic" about their growth businesses. Lehman Brothers reports:

On LD and UNEs: "BellSouth emphasized that their success in entering the LD market through 271 approval offers a considerable competitive advantage over the UNE players, and they expect that the appeal of Local/LD bundles will obviate the need for a major change in the UNE regulations."

On DSL: "Management is particularly enthusiastic about the progress of its DSL business, both from a growth and an economic standpoint. . . . The DSL business is projected to be EBITDA breakeven by YE02. The company believes the business will be solidly EBITDA positive in '03, bolstering overall margins."

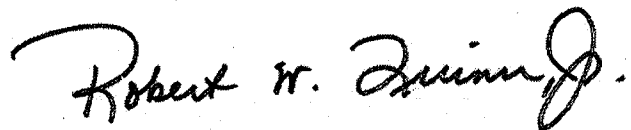
On DSL v. cable broadband services: "In the second quarter, BellSouth's DSL business for the first time took a greater share of new broadband subscribers (51%) than the cable competition."

On capital spending: "Of the total 2002 capex budget, which represents about 17% of revenue expectations, management estimates that about 34% is for targeted new technologies. . . . The roughly 1/3 of the capex budget is designed to boost the strategic capacity of the network to capture future growth opportunity."

These statements stand in contrast to a recent FCC presentation by BellSouth entitled "Wireline Telecommunications: Situation Analysis and Recommendations." In that presentation, BellSouth asserted that the telecom industry was in a crisis of "destructive competition" with huge, long-term negative implications for investment and innovation. BellSouth referred to the limited potential of long distances services and lagging BellSouth DSL market share (among other things), arguing that the "uneconomic rules related to network unbundling have destroyed value in the facility-based carriers and discouraged investment and innovation." These proclamations are a far reach from the messages delivered by BellSouth to Lehman Brothers, which views BellSouth as a "strong value" capable of generating \$5-6 B in free cash flow in 2002. they are also inconsistent with the attached economic analysis which demonstrates the continued vitality of those companies in an All Distance world.

Consistent with Commission rules, I am filing one electronic copy of this notice and request that you place it in the record of the above-referenced proceedings.

Sincerely,

A handwritten signature in black ink, reading "Robert W. Zimmer". The signature is fluid and cursive, with a large, stylized "Z" at the end.

Attachment

cc: Chris Libertelli
Bill Maher
Jeff Carlisle
Rich Lerner
Tamara Preiss
Deena Shetler
Steve Morse
Thomas Navin
Robert Tanner
Jeremy Miller



UNE-P vs. 271 LD Entry:

What's the real tradeoff for the RBOCs?

September 24, 2002

Key steps for telecom policy

- Create competitive local telecom markets through:
 - Wholesale markets for unbundled network elements (251)
 - Priced at competitive compensatory levels (252)
- Allow previous local monopolists into long distance markets (271)
- Phase out regulation of retail services
- Provides a win-win-win solutions for ILECs, CLECs and customers

Complexities of revenue estimation

Component	Definition	Our data source(s)	Common estimation errors
Basic local \$13.78	Rate paid for line rental and local usage -- typically combined as 1FR	CCMI rates mapped to WC and rolled up by UNE zone	Figures that include business revenue with residence or reflect only high-end local service bundles
Features \$6.86	Revenues from sale of vertical features (e.g., Caller ID, Call Waiting, etc.) -- either as explicit separate charges or implicit within "Total Service" bundles	Study area estimate per HH from TNS Telecoms Bill Harvesting database	Figures that reflect only high use bundles or assume excessive "take" rates; inclusion of nonUNE-related features (ISW, VM)
Subsidies \$0.67	State and Federal USF subsidy payments as well as CALLS-related subsidy payments	Regulatory filing documents	Ignored, measured by collections rather than receipts, or entitlement not consistently associated with particular zone
SLC \$5.51	Interstate (and, occasionally intrastate) access end user charges -- typically to support loop costs	Analysis of TRP data	Intrastate may be neglected
Access \$1.99	Access revenue from unaffiliated IXCs or access savings (relative to UNE rates) enjoyed by affiliated IXCs	AT&T's estimate of access rates and TNS Telecoms Bill Harvesting derived toll minutes	Including business usage and/or dedicated transport
Total \$28.81	Sum of above components		Top-down figure that includes revenues not related to residential local service

Complexities of UNE-P cost estimation

Element	Definition	Common estimation errors	Examples of quirky practices
Loop \$13.29	Network Interface Device (NID), Distribution, FDI/DLC, Feeder	Use of UNE-L rate rather than UNE-P rate; use targeted zone rate or rates averaged across zones based on distribution of total lines rather than residence lines	Some Qwest states have multiple loop rates within a WC. Many BLS states have different rates for UNE-L loops vs. UNE-P loops.
Port/features \$2.06	Line connection to the switch and feature capability	Failure to include feature costs in port rate (flat or per-feature)	Texas applies 4 different port rates as a function of the number of lines in the local calling area served by the switch. CA charges \$0.19 extra per feature. Many BLS states have higher rates for ports with features (e.g., FL additive is \$2.26)
Switch Usage \$3.42 (figure includes transport and signaling charges)	Call attempt and holding time charges for the switch including trunk ports	Understated usage level and/or level not specific to the state	CA has 3 sets of set-up and duration charges for intraswitch, interswitch and terminating usage. Many VZ states apply 2 switching charges on intraswitch minutes.
Interoffice transport and signaling	Common transport, tandem switching and signaling	Ignored or understated	Signaling may be incorporated in switching rate
Daily Usage Feed/Files (DUF) \$0.50	Transmittal of information regarding usage data	Very difficult to measure, often ignored or understated	Based on number of usage records, rate and number of records may differ by call type
Miscellaneous \$0.06		White pages and OSS charges in some states -- invariably overlooked	
Nonrecurring costs \$0.30	Charges for new customer migration or install	Ignored or selected rate element inconsistent with customer mix	Rate structures very complex and idiosyncratic
Total UNE-P \$19.63			

Wholesale costs and revenues

Wholesale Costs of UNE-P to CLECs	Loop	Port	Usage	DUF	Misc	Amort of NRC	Total UNE-P
All RBOCs	\$13.29	\$2.06	\$3.42	\$0.50	\$0.06	\$0.30	\$19.63
BellSouth	\$15.14	\$2.33	\$3.69	\$1.72	\$0.00	\$0.18	\$23.07
Qwest	\$16.30	\$1.43	\$5.08	\$0.13	\$0.18	\$0.75	\$23.87
SBC	\$11.33	\$2.09	\$2.18	\$0.23	\$0.00	\$0.24	\$16.07
Verizon	\$13.49	\$2.10	\$4.32	\$0.18	\$0.14	\$0.28	\$20.51

Revenues Gained from Sale of UNE-P by CLECs	Basic	Features	Subsidies	SLC	Access	Total	Gross Margin	
							(\$)	(%)
All RBOCs	\$13.78	\$6.86	\$0.67	\$5.51	\$1.99	\$28.81	\$9.17	32%
BellSouth	\$13.29	\$8.90	\$0.88	\$6.00	\$1.20	\$30.26	\$7.19	24%
Qwest	\$14.41	\$7.00	\$0.45	\$5.75	\$2.13	\$29.74	\$5.86	20%
SBC	\$12.80	\$6.55	\$0.89	\$4.98	\$1.91	\$27.12	\$11.05	41%
Verizon	\$15.33	\$5.75	\$0.28	\$5.83	\$2.64	\$29.83	\$9.32	31%

All rates used in this presentation are current as of 8/9/02

All RBOC post-271 Res analysis

	Total RBOC	BellSouth	Qwest	SBC	Verizon
Total Residential lines	84,547,824	16,937,608	10,459,763	34,341,186	22,809,266
Residential UNE-P Economics					
Retail revenue	\$28.81	\$30.26	\$29.74	\$27.12	\$29.83
Avoided retail cost	\$4.21	\$4.37	\$3.37	\$4.04	\$4.74
Net retail revenue loss	\$24.60	\$25.90	\$26.37	\$23.09	\$25.09
Wholesale UNE-P revenue	\$19.63	\$23.07	\$23.87	\$16.07	\$20.51
Lost margin per UNE-P line	\$4.96	\$2.83	\$2.50	\$7.02	\$4.58
UNE-P Res lines @ 15%	12,682,174	2,540,641	1,568,964	5,151,178	3,421,390
Annual margin lost from UNE-P	\$755,059,777	\$86,169,746	\$47,032,846	\$433,865,468	\$187,991,717
Residential RBOC LD Economics					
Retail revenue @ \$0.12	\$11.63	\$11.97	\$10.49	\$11.69	\$11.80
Incremental cost @ \$0.05	\$4.84	\$4.99	\$4.37	\$4.87	\$4.92
Gained margin per Res LD line	\$6.78	\$6.98	\$6.12	\$6.82	\$6.88
LD Res lines @ 30%	25,364,347	5,081,283	3,137,929	10,302,356	6,842,780
Annual margin gained from LD	\$2,064,101,561	\$425,696,161	\$230,439,930	\$842,909,710	\$565,055,760
Net UNE-P + LD Margin Change	\$1,309,041,784	\$339,526,416	\$183,407,083	\$409,044,242	\$377,064,043

All RBOC UNE-P vs. LD entry tradeoff

Data: All RBOCs **Post-271 Total**
 Total Residential lines 84,547,824
 Lost margin per UNE-P line \$4.96
 Gained margin per Res LD line \$6.78

Change in Net Margin Earned by the RBOCs (\$ Millions)

		Share of Residence Long Distance Gained by RBOC									
		10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Share of Residence Lines Retained on UNE-P	10%	\$185	\$873	\$1,561	\$2,249	\$2,937	\$3,625	\$4,313	\$5,001	\$5,689	\$6,377
	20%	(\$319)	\$369	\$1,057	\$1,745	\$2,433	\$3,121	\$3,809	\$4,498	\$5,186	\$5,874
	30%	(\$822)	(\$134)	\$554	\$1,242	\$1,930	\$2,618	\$3,306	\$3,994	\$4,682	\$5,370
	40%	(\$1,325)	(\$637)	\$51	\$739	\$1,427	\$2,115	\$2,803	\$3,491	\$4,179	\$4,867
	50%	(\$1,829)	(\$1,141)	(\$453)	\$235	\$923	\$1,611	\$2,299	\$2,987	\$3,675	\$4,363
	60%	(\$2,332)	(\$1,644)	(\$956)	(\$268)	\$420	\$1,108	\$1,796	\$2,484	\$3,172	\$3,860
	70%	(\$2,836)	(\$2,148)	(\$1,460)	(\$771)	(\$83)	\$605	\$1,293	\$1,981	\$2,669	\$3,357
	80%	(\$3,339)	(\$2,651)	(\$1,963)	(\$1,275)	(\$587)	\$101	\$789	\$1,477	\$2,165	\$2,853
	90%	(\$3,842)	(\$3,154)	(\$2,466)	(\$1,778)	(\$1,090)	(\$402)	\$286	\$974	\$1,662	\$2,350
	100%	(\$4,346)	(\$3,658)	(\$2,970)	(\$2,282)	(\$1,594)	(\$906)	(\$217)	\$471	\$1,159	\$1,847

SBC "economics"

- SBC states that:
 - Its res UNE-P line loss stabilizes at between 15 and 20%
 - It sells LD
 - At prices \geq IXC rates (or at $\sim 50\%$ margins), and
 - targets attaining a 60 to 70% market share in 4-5 years
- These statements confirm the highly favorable nature of the UNE-P/LD tradeoff to SBC
- Thus in whole, the TelAct has been a boon to SBC, not a bust

Relative Margin Analysis	SBC
Total Residential lines	34,341,186
Residential UNE-P Economics	
Retail revenue	\$27.12
Avoided retail cost	\$4.04
Net retail revenue loss	\$23.09
Wholesale UNE-P revenue	\$16.07
Lost margin per UNE-P line	\$7.02
UNE-P Res lines @ 20%	6,868,237
Annual margin lost from UNE-P	\$578,487,291
Residential RBOC LD Economics	
Retail revenue @ \$0.12	\$11.69
Incremental cost @ \$0.06	\$5.84
Gained margin per Res LD line	\$5.84
LD Res lines @ 60%	20,604,712
Annual margin gained from LD	\$1,444,988,073
Net UNE-P + LD Margin Change	\$866,500,783

UNE-P wholesale cost

Holding Company	State	Loop	Port	Usage	DUF	Misc	Amort of NRC	Total UNE-P
Bellsouth	AL	\$15.31	\$2.24	\$2.66	\$1.76	\$0.00	\$0.14	\$22.11
Southwestern Bell	AR	\$14.30	\$1.61	\$2.40	\$0.68	\$0.00	\$0.29	\$19.28
Us West	AZ	\$12.92	\$1.61	\$9.83	\$0.00	\$0.00	\$1.14	\$25.49
Pacific Telesis	CA	\$10.18	\$1.21	\$1.82	\$0.00	\$0.00	\$0.09	\$13.30
Us West	CO	\$16.61	\$1.53	\$3.91	\$0.22	\$0.00	\$0.13	\$22.40
Southern New England	CT	\$11.88	\$3.31	\$6.35	\$0.00	\$0.00	\$0.00	\$21.54
Bell Atlantic	DC	\$10.81	\$1.55	\$3.73	\$0.05	\$0.00	\$0.37	\$16.52
Bell Atlantic	DE	\$12.22	\$2.23	\$5.54	\$0.08	\$0.00	\$1.04	\$21.12
Bellsouth	FL	\$15.85	\$3.43	\$2.57	\$2.52	\$0.00	\$0.15	\$24.52
Bellsouth	GA	\$12.76	\$1.79	\$5.78	\$2.05	\$0.00	\$0.11	\$22.48
Us West	IA	\$16.79	\$1.15	\$4.85	\$0.25	\$1.38	\$0.18	\$24.59
Us West	ID	\$20.90	\$1.34	\$3.93	\$0.21	\$0.00	\$0.18	\$26.56
Ameritech	IL	\$9.80	\$2.11	\$0.61	\$0.08	\$0.00	\$0.08	\$12.69
Ameritech	IN	\$8.33	\$3.13	\$0.95	\$0.00	\$0.00	\$0.01	\$12.42
Southwestern Bell	KS	\$13.78	\$1.61	\$2.58	\$0.70	\$0.00	\$0.23	\$18.90
Bellsouth	KY	\$12.53	\$1.15	\$4.32	\$0.99	\$0.00	\$0.20	\$19.19
Bellsouth	LA	\$16.98	\$1.36	\$5.29	\$0.91	\$0.00	\$0.14	\$24.68
Nynex Svc Co	MA	\$15.33	\$2.00	\$7.30	\$0.00	\$0.00	\$0.09	\$24.71
Bell Atlantic	MD	\$14.94	\$1.90	\$6.49	\$0.09	\$0.00	\$0.19	\$23.62
Nynex Svc Co	ME	\$16.44	\$0.94	\$3.86	\$0.85	\$0.00	\$0.00	\$22.08
Ameritech	MI	\$10.09	\$2.53	\$1.10	\$0.12	\$0.00	\$0.05	\$13.90
Us West	MN	\$18.55	\$1.08	\$4.19	\$0.00	\$0.00	\$0.07	\$23.89
Southwestern Bell	MO	\$15.27	\$1.90	\$2.40	\$0.00	\$0.00	\$0.25	\$19.83
Bellsouth	MS	\$18.30	\$2.55	\$2.95	\$1.61	\$0.00	\$0.27	\$25.69
Us West	MT	\$23.72	\$1.58	\$6.88	\$0.26	\$0.00	\$0.17	\$32.61
Bellsouth	NC	\$14.61	\$2.19	\$4.17	\$0.92	\$0.00	\$0.19	\$22.08
Us West	ND	\$18.25	\$1.27	\$7.31	\$0.36	\$3.49	\$0.18	\$30.86
Us West	NE	\$17.47	\$2.47	\$5.33	\$0.23	\$2.52	\$0.16	\$28.19
Nynex Svc Co	NH	\$18.44	\$0.71	\$3.98	\$0.24	\$0.00	\$0.00	\$23.38
Bell Atlantic	NJ	\$9.52	\$1.91	\$2.10	\$0.37	\$0.00	\$0.33	\$14.24
Us West	NM	\$20.79	\$1.38	\$3.45	\$0.00	\$0.00	\$1.63	\$27.26
Pacific Telesis	NV	\$21.22	\$1.63	\$7.07	\$0.00	\$0.00	\$0.36	\$30.28
Nynex Svc Co	NY	\$12.12	\$2.57	\$2.39	\$0.22	\$0.54	\$0.28	\$18.12
Ameritech	OH	\$8.51	\$3.13	\$1.87	\$0.21	\$0.00	\$0.11	\$13.84
Southwestern Bell	OK	\$15.87	\$2.28	\$4.10	\$0.72	\$0.00	\$0.26	\$23.24
Us West	OR	\$15.43	\$1.14	\$2.92	\$0.00	\$0.00	\$3.26	\$22.75
Bell Atlantic	PA	\$14.23	\$2.67	\$3.26	\$0.08	\$0.00	\$0.23	\$20.47
Nynex Svc Co	RI	\$14.14	\$1.86	\$3.52	\$0.00	\$0.00	\$0.00	\$19.52
Bellsouth	SC	\$16.72	\$2.80	\$3.34	\$1.76	\$0.00	\$0.28	\$24.89
Us West	SD	\$21.26	\$1.84	\$4.57	\$0.00	\$0.00	\$7.15	\$34.82
Bellsouth	TN	\$14.41	\$1.70	\$2.72	\$1.16	\$0.00	\$0.27	\$20.26
Southwestern Bell	TX	\$14.33	\$2.22	\$3.13	\$0.88	\$0.00	\$0.17	\$20.74
Us West	UT	\$13.15	\$1.58	\$4.07	\$0.13	\$0.00	\$0.09	\$19.01
Bell Atlantic	VA	\$14.74	\$1.30	\$6.37	\$0.08	\$0.00	\$0.59	\$23.09
Nynex Svc Co	VT	\$13.81	\$0.96	\$8.31	\$0.86	\$0.00	\$0.00	\$23.94
Us West	WA	\$14.56	\$1.34	\$3.61	\$0.31	\$0.00	\$0.11	\$19.93
Ameritech	WI	\$10.90	\$3.71	\$2.62	\$0.19	\$0.00	\$3.57	\$20.99
Bell Atlantic	WV	\$26.72	\$1.60	\$16.57	\$0.10	\$0.00	\$0.66	\$45.64
Us West	WY	\$22.95	\$2.64	\$4.18	\$0.25	\$0.00	\$0.17	\$30.20

UNE-P associated revenue

Holding Company	State	Basic &				Total	Gross Margin	
		Features	Subsidies	SLC	Access		(\$)	(%)
Bellsouth	AL	\$25.32	\$1.72	\$6.00	\$0.85	\$33.89	\$11.78	35%
Southwestern Bell	AR	\$22.94	\$0.63	\$5.27	\$2.46	\$31.30	\$12.02	38%
Us West	AZ	\$21.06	\$0.91	\$6.00	\$1.74	\$29.71	\$4.22	14%
Pacific Telesis	CA	\$15.82	\$2.71	\$4.48	\$2.16	\$25.17	\$11.88	47%
Us West	CO	\$22.74	\$0.49	\$6.00	\$2.13	\$31.36	\$8.95	29%
Southern New England	CT	\$17.03	\$0.03	\$5.78	\$2.52	\$25.35	\$3.81	15%
Bell Atlantic	DC	\$20.15	\$0.00	\$3.86	\$0.00	\$24.01	\$7.49	31%
Bell Atlantic	DE	\$13.77	\$0.08	\$6.00	\$1.13	\$20.98	(\$0.13)	-1%
Bellsouth	FL	\$18.68	\$0.39	\$6.00	\$2.00	\$27.07	\$2.56	9%
Bellsouth	GA	\$26.27	\$0.35	\$6.00	\$0.79	\$33.41	\$10.93	33%
Us West	IA	\$18.04	\$0.00	\$4.72	\$1.85	\$24.61	\$0.03	0%
Us West	ID	\$20.42	\$0.00	\$6.00	\$2.56	\$28.98	\$2.42	8%
Ameritech	IL	\$23.53	\$0.00	\$4.49	\$0.77	\$28.79	\$16.10	56%
Ameritech	IN	\$19.31	\$0.00	\$5.52	\$0.91	\$25.74	\$13.31	52%
Southwestern Bell	KS	\$20.87	\$0.06	\$5.27	\$3.08	\$29.27	\$10.37	35%
Bellsouth	KY	\$24.21	\$0.46	\$6.00	\$0.55	\$31.21	\$12.02	38%
Bellsouth	LA	\$21.91	\$0.42	\$6.00	\$1.00	\$29.33	\$4.65	16%
Nynex Svc Co	MA	\$23.77	\$0.00	\$6.00	\$1.10	\$30.88	\$6.16	20%
Bell Atlantic	MD	\$23.80	\$0.16	\$5.68	\$1.96	\$31.60	\$7.98	25%
Nynex Svc Co	ME	\$20.00	\$0.84	\$6.00	\$0.87	\$27.70	\$5.62	20%
Ameritech	MI	\$24.18	\$0.00	\$5.34	\$1.11	\$30.63	\$16.74	55%
Us West	MN	\$21.82	\$0.00	\$4.89	\$1.36	\$28.07	\$4.18	15%
Southwestern Bell	MO	\$18.27	\$0.13	\$5.27	\$2.51	\$26.17	\$6.34	24%
Bellsouth	MS	\$27.59	\$8.21	\$6.00	\$0.53	\$42.34	\$16.65	39%
Us West	MT	\$23.53	\$2.67	\$6.00	\$4.14	\$36.33	\$3.72	10%
Bellsouth	NC	\$18.21	\$0.00	\$6.00	\$1.11	\$25.31	\$3.23	13%
Us West	ND	\$25.68	\$0.39	\$6.00	\$2.57	\$34.64	\$3.77	11%
Us West	NE	\$27.33	\$0.00	\$5.16	\$1.85	\$34.33	\$6.15	18%
Nynex Svc Co	NH	\$19.64	\$0.15	\$6.00	\$2.27	\$28.06	\$4.68	17%
Bell Atlantic	NJ	\$16.99	\$0.08	\$5.35	\$5.63	\$28.05	\$13.81	49%
Us West	NM	\$19.83	\$0.38	\$6.00	\$5.16	\$31.37	\$4.12	13%
Pacific Telesis	NV	\$14.94	\$0.83	\$5.37	\$2.09	\$23.23	(\$7.05)	-30%
Nynex Svc Co	NY	\$23.47	\$0.17	\$6.00	\$1.95	\$31.58	\$13.47	43%
Ameritech	OH	\$20.78	\$0.00	\$5.38	\$1.06	\$27.22	\$13.38	49%
Southwestern Bell	OK	\$20.66	\$0.32	\$5.27	\$1.36	\$27.62	\$4.38	16%
Us West	OR	\$22.28	\$0.12	\$6.00	\$1.72	\$30.12	\$7.37	24%
Bell Atlantic	PA	\$17.26	\$0.00	\$6.00	\$2.46	\$25.71	\$5.24	20%
Nynex Svc Co	RI	\$18.03	\$0.01	\$6.00	\$1.14	\$25.19	\$5.67	22%
Bellsouth	SC	\$23.33	\$0.54	\$6.00	\$1.77	\$31.64	\$6.74	21%
Us West	SD	\$22.90	\$0.04	\$6.00	\$3.13	\$32.07	(\$2.75)	-9%
Bellsouth	TN	\$22.11	\$0.20	\$6.00	\$0.70	\$29.00	\$8.75	30%
Southwestern Bell	TX	\$19.96	\$0.00	\$5.27	\$3.17	\$28.40	\$7.66	27%
Us West	UT	\$21.38	\$0.15	\$6.00	\$1.92	\$29.45	\$10.44	35%
Bell Atlantic	VA	\$20.88	\$0.39	\$6.00	\$3.21	\$30.48	\$7.40	24%
Nynex Svc Co	VT	\$21.12	\$3.29	\$6.00	\$2.73	\$33.15	\$9.20	28%
Us West	WA	\$18.80	\$0.00	\$5.92	\$2.19	\$26.90	\$6.97	26%
Ameritech	WI	\$20.85	\$0.00	\$5.06	\$0.76	\$26.67	\$5.68	21%
Bell Atlantic	WV	\$35.51	\$4.81	\$6.00	\$2.56	\$48.88	\$3.24	7%
Us West	WY	\$34.33	\$7.68	\$6.00	\$0.81	\$48.83	\$18.64	38%

Conclusions

- RBOCs reveal that they gain more from LD than lose from UNE-P
 - In many states, RBOC pressure to receive 271 relief has spurred substantial UNE-P rate reductions – frequently as the result of unilateral RBOC price concessions
 - RBOC decisions to pursue 271 shows they believe LD entry to be richer than potential UNE-P losses
 - This is confirmed by our UNE-P/LD margin tradeoff analyses
- Viable UNE markets keep traffic on and investment in RBOC networks